

Message Text

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ACTION EA-13

INFO OCT-01 SS-14 ISO-00 L-02 NSCE-00 NSC-07 STR-01 COME-00

EB-03 CIAE-00 INR-10 NSAE-00 RSC-01 IO-03 OMB-01

TRSE-00 CIEP-01 PRS-01 TAR-01 AGR-03 SPC-01 AID-10

DRC-01 /074 W

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R 120941Z MAR 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1794

C O N F I D E N T I A L MANILA 2922

LIMDIS

E.O. 11652: GDS

TAGS:

SUBJECT: U.S.-PHILIPPINE ECONOMIC NEGOTIATIONS

REF: STATE 47139

1. EMBASSY APPRECIATES CONSIDERABLE TIME AND EFFORT REFLECTED IN CONSIDERATION OUR VARIOUS QUESTIONS DISCUSSED REFTEL. WE HAVE CONCLUDED THAT IT WOULD NOT BE FRUITFUL FOR THE TIME BEING TO RESPOND TO COMMENTS PARAS 1 THROUGH 5 OF REFTEL UNTIL SUCH TIME AS WE HAVE IN HAND AT LEAST THE KEY PASSAGES OF A SUBSTANTIVE PHILIPPINE RESPONSE. WE HAVE, HOWEVER, DISCUSSED THESE TOPICS WITH UNDERSECRETARY RUSH AND DEPUTY ASSISTANT SECRETARY HUMMEL BEFORE THEIR DEPARTURE FROM BAGUIO FOR THE UNITED STATES.

2. OUR INTERESTS IN A CLEAR AND UNSEABLE APPRECIATION OF WHAT IS POSSIBLE UNDER THE PRESIDENT'S VARIOUS TRADE NEGOTIATIVE AUTHORITIES REMAINS, IN LARGE MEASURE, UNREQUITED. IF WE UNDERSTAND PARA 6 REFTEL, THE PRESIDENT NOW HAS NO REPEAT NO AUTHORITY TO MAKE ITEM
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ADJUSTMENTS IN TARIFF RATES ORCATEGORIES UNDER ANY

REPEAT ANY EXISTING LEGISLATION WITH RESPECT TO ANY
REPEAT ANY COMMODITY OF INTEREST TO THE PHILIPPINES.
IF THIS IS THE PURPORT OF PARAGRAPH 6, THEN WE FIND
THE ACTUAL COMMENTS THEREIN CONSIDERABLY LESS CLEAR THEN
THEY MIGHT BE, IF IT IS NOT THE PURPORT OF PARAGRAPH 6,
THEN, INDEED, WE DO NOT UNDERSTAND. PLEASE CLARIFY.

3. APPRECIATE DESCRIPTION OF THE ADMINISTRATIVE
CAPACITY TO ADJUST RATES UNDER CERTAIN CONDITIONS AS
PROVIDED IN TRADE BILL. IN DUE COURSE THIS CAPACITY
MAY ASSIST IN DEALING WITH SOME PROBLEMS, EVEN THOUGH
IT WOULD BE UNWIELDY TO ATTEMPT TO DEFINE ANYTIME SOON
A POSSIBLE SPECIFIC CONCESSION OF INTEREST TO
PHILIPPINES WHICH RELIABLY COULD BE EXPECTED EMERGE FROM
MTN TALKS.

4. EXPECT GOP INTENTIONS RE LAND TO RECEIVE THOROUGH
DISCUSSION IN PATERNO MEETING WITH BUSINESS LEADERSHIP
NOW SCHEDULED FOR MARCH 13 AND IN LATER TALKS WITH GOP.
IN MEANTIME, IT SHOULD BE RECALLED THAT NO REPEAT NO
PROPOSAL AS YET ADVANCED BY PRESENT GOP LEADERSHIP
FAILS TO MENTION ADEQUATE COMPENSATION. A REAL CONCERN
OF NUMBER BUSINESSMEN IS NOT COMPENSATION AS SUCH BUT
THE PROBABLE TAX RATE ON CAPITAL GAINS WHICH, IF
NOT REDUCED FROM NORMAL RATE, WOULD BE VERY COSTLY IN
VIEW GREATLY ENHANCED PROPERTY VALUES.

5. WE UNDERSTAND GOP L-L PANEL MEMBERS NOW ARE
WORKING ON SPECIFIC DRAFTING PROPOSALS FOLLOWING ON
FROM AMBASSADOR'S MARCH 5 TALK WITH PRESIDENT MARCOS.
THIS WORK EXPECTED LEAD, ACCORDING PATERNO, TO IN-HOUSE
GOP REVIEW WITHIN WEEK OR SO OF DEPARTURE SAQQAF.
SULLIVAN

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENT DRAFT, ECONOMIC COOPERATION, AMITY, MEETING AGENDA, LAUREL-LANGLEY AGREEMENT, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAR 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MANILA02922
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740351/aaaabvfo.tel
Line Count: 94
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: STATE 47139
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 08 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08-Aug-2002 by rowelle0>; APPROVED <14 JAN 2003 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.S.-PHILIPPINE ECONOMIC NEGOTIATIONS
TAGS: ECON, RP, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005